



OPTION "F" Retirement Benefit Reduction Corrections

The Seattle City Employees' Retirement System (SCERS) currently administers the retirement benefits for more than 5,600 retirees. We want to assure SCERS members our mission is to administer the assets of this trust with the utmost accuracy and integrity. An internal audit of Option F reduction processing identified inconsistencies in the processing for a small number of retirees – 90 people to be exact – who selected Option F between 1997 and October 2010 and also received the full Social Security age reduction. This correction does not impact other retirees.

The Option F retirement option *is not* a widely used retirement benefit option as it is available only to people retiring before they reach their full Social Security age (i.e., age 65 or 66). So, if you retired *after* reaching your full Social Security age (i.e., you retired older than age 65 or 66), this correction could not have been applied to your retirement benefit.

If you retired before 1997, this correction could not have been applied to your retirement because the Option F feature was not an available retirement option back then.

If you retired after October 2010 and elected the Option F, this correction was not applied to your retirement benefits.

If you reached your full Social Security age (age 65 or 66) after October 2010, this correction was not applied to your retirement benefits.

What is the Option F feature? The Option F feature was legislated in 1997 to provide a *bridge* for someone retiring before reaching their full Social Security retirement age. The intent is to provide the retiree a "level stream" of monthly retirement benefit throughout retirement. The SCERS retirement benefit is initially calculated actuarially with the estimated future full Social Security retirement benefit taken into consideration. When the retiree reaches full Social Security age, the SCERS monthly retirement benefit is then reduced by what was estimated to be the full Social Security retirement benefit. The reduction is based on the estimate at the time of retirement, regardless of the actual Social Security benefit received and regardless of whether the retiree began collecting Social Security early (i.e., age 62).

Again, we want to reiterate our commitment to administering the benefits of this plan in the most accurate and efficient manner. The 90 affected retirees were all notified and the correction has been outlined and implemented to them with the September 2012 pension payroll.

Should you have any questions, please contact us at retire.city@seattle.gov or by telephone at 206-386-1293 and a customer service representative will be able to assist you.